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News Section

Progress Report on Economy: The upsurge of popular sentiment against high Government spending has broken through another space barrier, another "ceiling," and continues on the ascendant.

In the last few days, the Democratic Congressional High Command, in the person of cagy old Speaker Sam Rayburn, revealed the extent to which this popular feeling has succeeded in swaying Congressional strategy.

A week before, on Monday, March 4th, Rayburn had cast cold water on Budget cutting. "Taxes are high and going to stay high," he said; "the Government is big and is going to stay big."

But this week, on March 11th, Sam popped up and said a "substantial cut" would be made. Republican cloak room comment: "He has heard from home." His constituents had written him demanding economy.

Then the House, by a vote of 219 to 179, passed a resolution asking President Eisenhower to specify how to cut his record peacetime Budget. The Democrats explained this unprecedented move by saying that it resulted from the unprecedented attitude of the Executive, which offered a record Budget and at the same time urged that cuts be made. The vote in the House was on party lines — with both parties maneuvering to try to put the other on the spot before the economy-minded electorate. Neither wanted to bear the onus of public resentment if cuts failed to be carried through. Then the President, speaking to the press, airily declined the House invitation to tell where the cuts should be made.

However, some hopeful talk does feature conversation in the cloakrooms of both parties. Now, members are talking seriously about cutting down the hitherto sacrosanct Defense appropriations. Reason: the revelation last week that the Air Force had cost the Treasury almost a billion dollars through appropriations based on a mistake last year in overestimating Soviet air strength. This news has made a profound impression on members of Congress and emboldened them with the resolve to force cuts of swollen requests for Defense appropriations.

Meanwhile, constituents' mail to the members runs at a high level. A spot check made by the HUMAN EVENTS staff, among a number of members from California to Maine, indicates that mail (largely on this question) is running about two to three times its volume at this time a year ago. One Republican Congressman from the Middle West said that it reminds him of the avalanche of mail which descended on him in 1951 following Truman's dismissal of General MacArthur.

If there were any doubt of the reality of the tide, the unconvinced would be swayed by the spectacle of members of Congress considering the postponement of plans for a new House Office Building. Clarence Brown (R.-O.) is urging the postponement of a project acutely needed.

Outside of Congress, industrialist Philip McKenna, President of Kennametal Company, Latrobe, Pa., has come out publicly for elimination of Government subsidies for tungsten and other strategic minerals. McKenna, one of whose mining subsidiaries has enjoyed millions of dollars in tungsten grants, calls the practice "boondoggling" and urges its cancellation. He says we possess tungsten stocks which would last, at the current rate of consumption, for at least 30 years.

In this case may be seen the specter of "special interests" — for not all citizens are as altruistic as Mr. McKenna. No one doubts now that some economies will be made, despite the negative attitude maintained by the President. But Budget cutting may attain only partial success, unless opposition to the high Budget is organized so as to bolster the courage of members from marginal districts, who fear retaliation by "special interests." It is generally agreed (see Senator Jenner's article, "How You Can Stop Big Spending," in Article Section I of this issue) that only if constituents organize and give unflinching backing to economy-minded legislators will the fight be won.

Inside "1600": A suddenly called meeting at "1600 Pennsylvania Avenue" (one vernacular way of referring to the White House) between the President and Congressional leaders early this week, by the mystery in which it was enveloped by the White House aides, inspired a spate of alarmist rumors in the press — about the President's health, the situation in Suez, etc. — all of which were baseless. The real reason for the meeting became obvious to those present from Capitol Hill almost immediately — the White House wished to discredit the complaint that the President has not been accessible to people from the Hill.

As soon as the visitors had seated themselves, the President assured them that he is always ready to see all or any of them at any time, or to talk with them on the phone. "You know my number — just ring me any time you wish," was his pleasant message (as

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relayed to us by some of the leaders present.) The men from the Hill then sternly told him that there was a tremendous demand from the people at home to cut the Budget sharply.

Senator Lyndon Johnson interpolated — "You must know this from the contents of your own mail, Mr. President." The latter seemed surprised, made a note on a pad. "I'll look into that, ask the boys here to report on that," was his reply.

To urgings from the members of Congress that he indicate where cuts should be made, he only said in a general way, "Go ahead and cut, that's all right — I won't veto the Budget if you cut it."

All in all, leaders left with nothing very concrete to relay to their colleagues on Capitol Hill. But some wondered if the President would not be more conservative than his aides, if the latter would allow him to know what is really going on.

McCarthy: Despite the well-intentioned efforts of GOP Chairman Meade Alcorn to keep harmony in the Republican party, one incident works in the opposite direction. After the White House exclusion of Senator McCarthy from its dinner for members of Congress, many members from both parties on Capitol Hill said that, if they had known of the exclusion at the time, they would have absented themselves. Two Senators — Jenner and Malone — who knew about the matter before the dinner took place — both stayed at home, in protest.

While McCarthy himself said he was amused, some of his enemies privately expressed concern, saying that this incident would throw 100,000 votes to the Senator in his re-election campaign next year. Some people in Wisconsin are reportedly aroused against President Eisenhower. O. W. Fox of Oshkosh, President of "Republicans for Justice," urged Governor Vernon Thomson to withdraw his "vacation invitation to the President." Fox said the "snub" was a "flagrant insult to the people of Wisconsin."

Watch for conservatives on the Hill to take the offensive against the Labor Bosses soon. Rumors are afloat that a key member of Congress will soon offer a Federal "right-to-work" bill. Up till now, "right-to-work" bills — banning compulsory unionism — have been state measures. But recently, Indiana, an industrial state, startled the nation by passing a state "right-to-work" law over bitter union opposition (600,000 union members in Indiana). With this encouraging example, advocates of legislation banning compulsory union membership under labor-employer contracts plan to go forward another step.

New York: Question of the week in Capitol cloakrooms: Will Ike's open endorsement, although subsequently hedged, prove to be a "kiss of death" for the gubernatorial ambitions of New York State's Len Hall, just-retired chairman of the Republican National Committee?

The last time the President openly injected his prestige into a state primary race was just a year ago, when he dispatched his Secretary of Interior, Douglas McKay, back home to Oregon to run for the GOP nomination to oppose turncoat Senator Wayne Morse. McKay won the nomination but the fight was bitter; history has recorded his sorry showing against Morse.

History could repeat itself in the Hall case, except that here the odds-makers anticipate that Hall is not too likely to win the nomination. His opponents are numerous and strong, while the extent of his backing among Empire State GOP powers is dubious.

Despite his unswerving support of President Eisenhower, Hall still is regarded as relatively conservative. That does not sit well with several New York GOP bosses who, from their Park Avenue "ivory towers," profess to know that no Republican can carry New York State unless he is strongly liberal.

Former Governor Thomas E. Dewey is reported by some sources to favor Hall, by others to oppose him; *Newsweek* magazine this week says Dewey's man is Nelson Rockefeller, former Under Secretary of Health, Education and Welfare. J. Russell Sprague, GOP leader in Hall's home county, Nassau, and a top figure in the party state-wide, long has been one of the most ardent Hall haters.

The two most widely discussed possibilities for the nomination are State Assembly Speaker Oswald D. Heck and State Senate majority leader, Walter J. Mahoney. Others probably will get into the race, too.

More than a year in advance, the New York battle lines are already being drawn, and it could be that Messrs. Hall, Heck and Mahoney will wind up by killing each other off and allowing a dark horse to sneak in the winner.

Texas: With 23 names to be on the printed ballots, Texas political observers agree unanimously that the winner of that state's April 2 special Senatorial election will be found among four men, one a Republican.

The betting favorite for the seat vacated by Governor Price Daniel is Ralph Yarborough, an ultra-liberal who in the past five years has run three times for the Governorship and once for State Attorney General.

However, Texas sources report that the usually unanimous union support for Yarborough's candidacy is failing to materialize this time, probably because of his unbroken record of failures; several unions are supporting another well-known liberal Democrat, State Agriculture Commissioner John C. White, number two in the four most likely to succeed.

The other two possible victors are rated conservatives — Democratic Representative Martin Dies and GOP hopeful Thad Hutcheson, 41-year-old Houston attorney who has made himself well known around the State.

Hutcheson's campaign workers and supporters seem sincere in predicting that he will win; pundits, noting that Texas has not elected a Republican in a state-

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Article Section I

HOW YOU CAN STOP BIG SPENDING

Congressional District the Bastion of Limited Government

By SENATOR WILLIAM E. JENNER
Republican of Indiana

THE AMERICAN GOVERNMENT served the interests of the people when it was limited government, operating within restraints set by the Constitution. But the American Government does not now need to serve the national interest. It is today an unrestrained oligarchy whose ability to ignore Congress and the Constitution comes from spending your money.

Our great mistake is our naive assumption that we have the same Government today that we had from 1789 to 1932. We do not have the same Government or anything remotely like it. The American Government of today bears almost no relationship to the one we knew from 1789 to 1932.

This new American Government has one objective — to keep itself in power by spending. Its objective is the same today as it was in the days of Harry Hopkins — tax and tax, spend and spend, elect and elect.

We cannot understand the political crisis of today unless we understand how completely our Government has been transformed. The three-part Federal Government of the Constitution is still there, but something new has been added. A vast engine of political and police power has been built up, in and around and above the old Federal Executive branch. The names of the old-line agencies are the familiar trusted facade behind which this new Leviathan can operate, almost invisible to Congress and the press.

The strength of this new governing machine can be measured by its resources. It controls at least one quarter of our entire national wealth. It converts at least one quarter of our earnings into political and police power over you and me. The primary aim of this monstrous growth is to secure its stream of tribute, and to keep the voters from protesting effectively.

We have wasted a great deal of precious time, denouncing Franklin Roosevelt, Harry Truman, and Dwight Eisenhower, for the growth of this Frankenstein's monster. We are not going to put an end to a political tidal wave, which has swept over five continents, merely by denouncing individuals. The trend to strong central government is world-wide, and it springs from two world wars and the lure of socialist Big Government. I believe American political leaders could have resisted that trend and helped the rest of the world to erect bulkheads against the erosion of liberty. But it is not too late.

Let us now forget the reasons for bitterness and put our minds on the important question — how can Americans use their magnificent heritage of good government, and their long experience with liberty, to put their own house in order, and to offer once again a model to which the rest of the world will turn in hope?

We must start with our foreign policy.

Foreign policy has been, since the war, the most appealing way to continue Big Spending and to render the opposition helpless to resist the machine for which spending provides the fuel. Foreign policy is the postwar WPA of the socialist planners, except that postwar spending is geared to the high levels we were conditioned to accept by the war propaganda.

OUR FOREIGN POLICY today is a series of outlets, sometimes called "ratholes," carefully planned to help the spenders keep on spending. The Republicans saw this clearly thirteen years ago.

In June 1943, the State Department published the proposed text of the first gigantic postwar spending program — that for UNRRA. Senator Vandenberg read the proposal and found it was planned as an executive agreement, to bypass the Senate. He wrote to Senator McNary as follows:

"It seems to me that this draft agreement involves the broadest possible commitments for the future . . . and leaves us (as usual) to pay the bills without any adequate control over what the bills ought to be. I think this is clearly a preview of the method by which the President and the State Department intend to bypass Congress in general, and the Senate in particular, in settling every possible international war and postwar issue by the use of mere executive agreements."

A few days later Vandenberg wrote: "As it was originally drawn, this draft agreement pledged our total resources to whatever illimitable scheme for relief and rehabilitation all around the world our New Deal crystal gazers might desire to pursue . . . The draft . . . clearly intended that there should be no interference with this world-wide prospectus as it might be con-

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ceived by Roosevelt, Lehman, Hopkins and Co., unti that long last moment when Congress would be pre sented with a *fait accompli!* At that late hour it woul be next to impossible for Congress to do anythin except acquiesce."

Why did the spending continue if the design was s clear, nearly fourteen years ago? It is all so simple Every time one spending program became a little spot ted and frayed at the edges it was closed out, and glittering new spending program was brought forward

These new models for waste of American money ar not trotted out to impress Congress. They are trottec out to be put on the propaganda conveyor belts, leadin out into every state, to the women's clubs, the churches the colleges, the unions, the press and radio. Thi "show" is managed by experts in what is called "the engineering of consent," who know how to keep the viewers happy, and how to make taxpaying almost painless.

Obviously members of Congress know their districts are being saturation-bombed by these flying squadrons. But they have no money or staff or patronage to counterattack.

The spenders in the Executive branch know the Congressmen will be either converted or defeated by their mass propaganda. So why worry?

Now this adds up to one simple fact. We shall never rid ourselves of Big Spending or Big Government by arguments that the money is wasted. The money is not wasted. Every dollar the spenders can get is spent to very good purpose from their point of view. Like WPA money, it buys political support for Big Spending. It builds up vested interests and the vested interests carry on the campaigns for more spending. What could be more logical than that?

NOW, YOU WILL SAY that "foreign aid" cannot affect domestic elections. But that is where words fool you. Most of the foreign aid money is spent to buy products which are important politically — wheat, coal, radio, engineering, shipping and many others.

I have pointed out many times, that our hidden absolute government operates independent of the legislative, executive or judicial branches set up in the Constitution.

To understand what we have to fight — we must add one more diagram showing the change in our political system.

Our two party system has not been abolished. It has simply been enveloped by something much more powerful. The spending oligarchy in Government operates as a political super-party, by its ability to direct this constant stream of invisible propaganda into our political districts. The political parties try to operate as in the past, by vigorous local organization, all unaware of the hidden forces which pull down the Constitutionalists, and push upward the men who have sold their birthright.

The only political power in the nation stronger than this colossus on the Potomac with its 70 billions of dollars a year is — the Congressional district. The voters can end its power in their own Congressional district, any time they take the trouble.

The spenders will not cut spending of their own free will. It is your problem to organize so that no man can be nominated in your Congressional district unless he has pledged himself to cut spending where it hurts — where the vested interests will punish him for taking away their easy money. But he must have protection against their wrath. Only you can give it to him.

Such an uprising will succeed if our angry people combine by Congressional districts and State party organizations, to make sure party nominations go only to men who are truly devoted to the Constitution, and who are ready to fight spending in all the forms the spenders love to devise.

Members of Congress either have no power, or they have the greatest political power in the nation. Senators and representatives have no power of their own. Their only power is what they get from their active constituents.

When his constituents have been brainwashed by the spenders into believing foreign aid is an elixir guaranteed to cure all illnesses, a Senator or Congressman has no power and no influence. He is like an ambassador, all dressed up in uniform and gold braid, whose country has been taken over by subversion. He must go over to the enemy, or resign.

Congress is powerless, or very powerful. It will be very powerful only if the men sent to Washington as representatives are the front line of an angry, determined, well-organized, and devoted band of patriots, working together to make each district into a fortress fighting to the bitter end in defense of American liberty.

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Article Section II

WHY "INTELLECTUALS" HATE CAPITALISM

By LUDWIG VON MISES

This extract from *The Anti-Capitalistic Mentality*, by Ludwig von Mises, is reprinted with permission of the publishers, D. Van Nostrand Company, Inc., Princeton, New Jersey. Price, $3.75.

IN A FEUDAL SOCIETY — based on caste and status — the individual can ascribe adverse fate to conditions beyond his own control. It is quite another thing under capitalism. Here everybody's station in life depends on his own doing. Everybody whose ambitions have not been fully gratified knows very well that he has missed chances, that he has been tried and found wanting by his fellow man.

The much talked-about sternness of capitalism consists in the fact that it handles everybody according to his contribution to the well-being of his fellow men. The sway of the principle, *to each according to his accomplishments,* does not allow of any excuse for personal shortcomings.

As human nature is, everybody is prone to overrate his own worth and deserts. In order to console himself and to restore his self-assertion, a man who fails is in search of a scapegoat. He tries to persuade himself that he failed through no fault of his own. He is at least as brilliant, efficient and industrious as those who outshine him. Unfortunately, this nefarious social order of ours does not accord the prizes to the most meritorious men; it crowns the dishonest unscrupulous scoundrel, the swindler, the exploiter, the "rugged individualist." What made him fail was his honesty.

The search for a scapegoat is an attitude of people living under the social order which treats everybody according to his contribution to the well-being of his fellow men and where thus everybody is the founder of his own fortune. In such a society each member whose ambitions have not been fully satisfied resents the fortune of all those who succeeded better. The fool releases these feelings in slander and defamation. The more sophisticated do not indulge in personal calumny. They sublimate their hatred into a philosophy, the philosophy of anti-capitalism, in order to render inaudible the inner voice that tells them that their failure is entirely their own fault.

The common man as a rule does not have the opportunity of consorting with people who have succeeded better than he has. He moves in the circle of other common men. His envy and the resentment it engenders are not directed against a living being of flesh and blood, but against pale abstractions like "management," "capital" and "Wall Street."

It is different with people whom special conditions of their occupation or their family affiliation bring into personal contact with the winners of the prizes which — as they believe — by rights should have been given to themselves. With them the feelings of frustrated ambition become especially poignant because they engender hatred of concrete living beings. They loathe capitalism because it has assigned to this other man the position they themselves would like to have.

Such is the case with those people who are commonly called the intellectuals.

THE ANTI-CAPITALISTIC bias of the intellectuals is a phenomenon not limited to one or a few countries only. But it is more general and more bitter in the United States than it is in the European countries.

In Europe "society" includes all those eminent in any sphere of activity. Statesmen and parliamentary leaders, the heads of the various departments of the civil service, publishers and editors of the main newspapers and magazines, prominent writers, scientists, artists, actors, musicians, engineers, lawyers and physicians form, together with outstanding businessmen and scions of aristocratic and patrician families, what is considered the good society.

Access to European society is open to everybody who has distinguished himself in any field. It may be easier to people of noble ancestry and great wealth than to commoners with modest incomes. But neither riches nor titles can give to a member of this set the rank and prestige that is the reward of great personal distinction. The stars of the Parisian salons are not the millionaires, but the members of the Academie Francaise. The intellectuals prevail and the others feign at least a lively interest in intellectual concerns.

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Society in this sense is foreign to the Americ scene. What is called "society" in the United Stat almost exclusively consists of the richest families. The is little social intercourse between the successful bu nessman and the nation's eminent authors, artists a scientists. Those listed in the Social Register do n meet socially the molders of public opinion and t harbingers of the ideas that will determine the futu of the nation. Most of the "socialites" are not intereste in books and ideas. When they meet and do not pla cards, they gossip about persons and talk more abo sports than about cultural matters. But even those wh are not averse to reading consider writers, scientis and artists as people with whom they do not want t consort. An almost insurmountable gulf separate "society" from the "intellectuals."

American authors or scientists are prone to conside the wealthy businessman as a barbarian, as a ma exclusively intent upon making money. The professo despises the alumni who are more interested in th university's football team than in its scholastic achieve ments. He feels insulted if he learns that the coac gets a higher salary than an eminent professor of phi losophy.

The men whose research has given rise to new meth ods of production hate the businessmen who are merely interested in the cash value of their research work It is very significant that such a large number of Ameri can research physicists sympathize with socialism o communism. As they are ignorant of economics and realize that the university teachers of economics are also opposed to what they disparagingly call the profit system, no other attitude can be expected from them.

If a group of people secludes itself from the rest of the nation, especially also from its intellectual leaders, in the way American "socialites" do, they unavoidably become the target of rather hostile criticisms on the part of those whom they keep out of their own circles. The exclusivism practiced by the American rich has made them in a certain sense outcasts. They may take a vain pride in their own distinction. What they fail to see is that their self-chosen segregation isolates them and kindles animosities which make the intellectuals inclined to favor anti-capitalistic policies.

THE MANY TO WHOM capitalism gave a comfortable income and leisure are yearning for entertainment. Crowds throng to the theatres. There is money in show business. Popular actors and playwrights enjoy a six-figure income. They live in palatial houses with butlers and swimming pools. They certainly are not "prisoners of starvation." Yet Hollywood and Broadway, the world-famous centers of the entertainment industry, are hotbeds of communism. Authors and performers are to be found among the most bigoted supporters of Sovietism.

Under capitalism, material success depends on the appreciation of a man's achievements on the part of the sovereign consumers.

The manufacturers of tangible goods know that their products are purchased because of certain physical properties. They may reasonably expect that the public will continue to ask for these commodities as long as nothing better or cheaper is offered to them, for it is unlikely that the needs which these goods satisfy will change in the near future.

It is another thing with entertainment. People long for amusement because they are bored. And nothing makes them so weary as amusements with which they are already familiar. The essence of the entertainment industry is variety. The patrons applaud most what is new and therefore unexpected and surprising. They are capricious and unaccountable. They disdain what they cherished yesterday. A tycoon of the stage or the screen must always fear the waywardness of the public. He awakes rich and famous one morning and may be forgotten the next day. He knows very well that he depends entirely on the whims and fancies of a crowd hankering for merriment. He fears the unknown newcomers, the vigorous youths who will supplant him in the favor of the public.

It is obvious that there is no relief from what makes these stage people uneasy. Thus they catch at a straw. Communism, some of them think, will bring their deliverance. Is it not a system that makes all people happy? Do not very eminent men declare that all the evils of mankind are caused by capitalism and will be wiped out by communism? Are not they themselves hard-working people, comrades of all other working men?

It may be fairly assumed that none of the Hollywood and Broadway Communists has ever studied the writings of any socialist author and still less any serious analysis of the market economy. But it is this very fact that, to these glamor girls, dancers and singers, to these authors and producers of comedies, moving pictures and songs, gives the strange illusion that their particular grievances will disappear as soon as the "expropriators" will be expropriated.

There are people who blame capitalism for the stupidity and crudeness of many products of the entertainment industry. There is no need to argue this point. But it is noteworthy to remember that no other milieu was more enthusiastic in the endorsement of communism than that of people cooperating in the production of these silly plays and films.

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Dr. Ludwig von Mises is the world's foremost libertarian economist. Moving spirit of the Austrian "neo-classical" school, and mentor of such other economists as F. A. Hayek, he is the author of *Socialism* and *Human Action.*

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wide race since Reconstruction days, are less sanguine about his chances.

Dies will attract much of the conservative Democratic vote and is given a reasonable chance of winning. His biggest handicap is that he is not too well known state-wide. Twenty years ago, when he was conducting the original Congressional investigation of communism, his name was a household word; but he retired from politics for several years, and since his return to the House four years ago, he has stayed mostly in the background. The result is that he is practically unknown to younger Texans.

Civil Rights: The Administration's attempt to put through its "civil rights commission" has run headlong into powerful legal and Constitutional opposition from Senator Sam J. Ervin (D.-N.C.). Capital opinion is that Ervin, former Justice of the North Carolina Supreme Court, is giving Attorney General Herbert Brownell some overdue lessons in the meaning of Federal legislation. During last week's hearings on the civil rights bill, in the opinion of columnist Holmes Alexander, Ervin "sometimes seemed to score almost at will upon the opposition." In cross-examining Brownell, Alexander continued, "the Senator put such questions before the Attorney General as to confound him out of his own mouth and to reduce the civil rights legislation to the status of a laughing stock or worse."

Ervin's basic position on the proposed civil rights commission was summed up in a statement made last week. Under the commission, Ervin said, the Attorney General would have "absolutely uncontrolled power . . . to sue in the name of the United States for injunctive relief for the benefit of private persons allegedly deprived of their so-called civil rights." This fact, together with the provision that jurisdiction over civil rights cases would be vested in Federal district courts, means, he said, that the Attorney General can "nullify in any particular case state laws prescribing administrative remedies, even though such state laws may be enacted in strict conformity to the powers of the states under state and Federal Constitutions."

Where to Cut: In a statement before the House Subcommittee on Appropriations last week, author Eugene Castle added fuel to the growing revolt against Big Spending. Castle, whose new book, a survey of America's foreign aid programs *(The Great Giveaway*, Henry Regnery Co., $3.50), will soon be released, told the legislators that the budget for the United States Information Agency, which represents an increase of almost 24 per cent over last year, affords an opportunity "for a much greater rate of reduction" than other Budget items. On its performance to date, Castle said, USIA should be abolished. Failing that, he recommended slashing $85 million from USIA's spending schedule, and gave a point by point analysis of where economies could easily be made.

Trade with Reds: Minority Leader William F. Knowland continues to speak the blunt truths ignored by the architects of American foreign policy — so comment those who cover U.S. ventures along the diplomatic front. Immediately after the Polish Communist leader, Wladyslaw Gomulka, ascended to power, reports began stirring in the Capital that State Department liberals would try to funnel economic aid to the new "national Communist" regime. In recent days this step has been looked on as more and more likely — much to the dismay of those who fear a second "swindle" like that engineered by Marshal Tito of Yugoslavia.

It is a relief to conservatives, therefore, to have a strong national voice such as Knowland's invoking hard common sense objections to a giveaway program for Gomulka. "First of all," Knowland said in a press conference last week, "some people believe the Soviet Union is presently withdrawing food and other commodities from Poland, and we will, in effect, be filling in what they are taking out. It will be a form of aid to the Soviet Union.

"If, on the other hand, the Soviet Union is having to put food and commodities into Poland to maintain the Polish economy . . . we would be releasing that amount of drain on them, so they would be better able to use this to cause trouble in other countries and the rest of the world."

On the question of whether Poland had attained any "independence" from Moscow, Knowland noted that, on a recent Soviet U.N. proposal to condemn the United States for "aggression," Poland cast one of the eight affirmative votes.

"Boondoggling Finance": Congress may soon have to look into the results of a feature of our present international handout policy.

U.S. foreign aid, Export-Import Bank loans, and White House-requested Congressional easing of the 1945 British Loan, supplemented by the activities of the International Monetary Fund and the World Bank, have made Washington the financial center of the world. All these activities in one way or another tend to increase the inflationary pressures here and make more difficult the U.S. Treasury's financing problems and the Federal Reserve Board's stabilizing activities.

For example, when the World Bank needs to raise $100,000,000 by floating bonds through Wall Street, it is making money that much scarcer for American citizens, municipalities and businesses. When the British draw on the Eximbank and the IMF, and when the latter lends dollars to Britain, France, Egypt and others, using for this purpose part of the U.S. "quota" in the Fund, the U.S. Treasury must go into the market and borrow just that much more. This is what has happened in recent months.

One of Washington's financial curiosities is the International Finance Corporation, created to supply

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equity money to underdeveloped countries. Last year the U.S. subscribed $35,168,000 to IFC's $78,382,000 capital. The new agency was equipped with offices and officers, who draw the usual tax-paid salaries. To pay the salaries and expenses of travel here and there about the world IFC uses income from the U.S. Treasury securities in which it has invested our subscription. The "joke" is that this phantom lending institution as yet has made not a single investment after nearly eight months of "actual operations."

Labor Front: These are bad days for the high panjandrums of organized labor. In the dispute over the Gore Report (see HUMAN EVENTS for February 9 and 16), the public was treated to many revelations of high-powered union pressure. In the wake of that setback came the exposure of labor corruption in the Northwest by the McClellan Committee, and passage of a "right-to-work" law in industrialized Indiana. This week came the sensational arrest of labor tycoon Jimmy Hoffa.

Now, as a further indication that their free-wheeling days may be drawing to a close, the Labor Bosses find themselves on the wrong end of an important Supreme Court decision.

The High Court ruled last Monday that Walter Reuther's U.A.W. must stand trial for its use of funds during the 1954 McNamara-Ferguson Senatorial election in Michigan. The U.A.W. sponsored four broadcasts over a Detroit TV station, backing the candidacy of Democrat McNamara (who is now a member of the McClellan Committee investigating labor corruption).

These expenditures, the Government charged, were a violation of the Federal Corrupt Practices Act, as amended by the Taft-Hartley law, which prohibits the outlay of general union funds to help political candidates. The case, which had been thrown out by a Federal judge, must now be re-heard. It is felt that this decision by the High Court, along with an awakening public consciousness of union practices, may be a turning point in the struggle to equalize the range of political activity allowed to labor and business.

Education Front: The kid gloves came off last week as Health - Education - Welfare Secretary Marion B. Folsom, pressed too hard by opponents of Federal Aid to Education, tangled with the U.S. Chamber of Commerce. The Chamber has been one of many groups engaged in shredding the "statistics" behind Folsom's "emergency" legislation — the $2 billion school construction bill. Capital feeling is that the Federal Aid promoters saw their "case" faring badly under repeated attacks, and decided to mount a savage counter-offensive. Those who sort the results in these days of hectic infighting agree that Folsom's blast merely sank him further into confusion.

Like many others who audit education figures, the Chamber pointed out, in its *Washington Report*, the indisputable fact that annual school construction has been topping by tens of thousands the needs created by increased enrollment.

Folsom struck back in a long letter to Chamber President John S. Coleman, charging the Chamber with making "seriously misleading and inaccurate statements." Folsom's two major charges, and the facts about them, are as follows:

Folsom charged: "The Chamber makes a major error in comparing construction during one school year with the increased enrollment at the beginning of that same year."

The facts: the Chamber took the figures as Folsom's Department gave them. But the point is irrelevant, since annual construction exceeds enrollment increase needs, whichever year is used for calculation. For instance, increased enrollment for 1955-56 called for 38,500 classrooms. Yet school construction *in the preceding year* equalled 60,000 classrooms.

Folsom's charge: the Chamber ignored the problem of "the backlog shortage" totalling 159,000 classrooms.

The facts: the Chamber explicitly said that yearly surplus is "used to absorb accumulated shortages left over from the depression and war years, and to replace obsolete buildings," although it did not conjure with Folsom's bogus scare-figure, 159,000. Capital observers have by now seen enough to convince them that this estimate is unreliable (see HUMAN EVENTS for February 23 and March 2). They cite, for example, information unearthed by Congressman Ralph W. Gwinn (R.-N.Y.), concerning the needs of one state — South Carolina — as quoted by the Office of Education. In response to a query by Gwinn, South Carolina's Governor George Bell Timmerman charged that the estimates for South Carolina, as employed by Folsom's Department, completely falsified the situation:

The figure quoted as representing excess enrollment, Timmerman said, "is actually an estimate of new classrooms in various stages of completion as of 'Fall 1956.' It reflects *no* need for Federal Aid. The estimate was based on capital outlay for new classrooms. It is *not* a statistic of a shortage which was not being met. It is an estimate of a need which was being met . . ." In short, an estimate of performance was turned into an estimate of need. And yet, it is noted with amazement, this figure is incorporated as part of the "emergency shortage" of 159,000 classrooms.

For America: The National Policy Committee of For America (1001 Connecticut Avenue, N.W., Washington 6, D. C.) concluded a two-day Washington conference last week with a blistering attack on the $72 billion Eisenhower Budget. "The policies of our Government are destroying freedom and solvency in America in order to finance international socialism," said the Committee. "The avalanche of protesting mail is having a profound effect upon Congress."

Former Governor J. Bracken Lee of Utah will be For America's National Chairman. Clarence E. Manion and Dan Smoot will serve as vice chairmen, while Brigadier General Bonner Fellers will continue as national director.

Repeal of the 16th Amendment will be For America's major objective. "The unlimited taxing and spending power of the Federal Government," said Lee, "has all but destroyed the Constitutional integrity of the several states."

Erratum: Owing to a typographical error in last week's issue, HUMAN EVENTS incorrectly reported that the Fund for the Advancement of Education had offered a three-year grant of $265,000,000 annually to the city of Los Angeles, Calif. The correct figure is $265,000.

Letter from ADMIRAL LOUIS DENFELD, Former Chief of Naval Operations: "My sincere congratulations on your splendid publication, HUMAN EVENTS. I like your approach, your expression of the true happenings in our country and your honest conclusions."

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